

This listing of claims will replace all prior versions, and listings, of claims in the application.

**Listing of Claims:**

1-40 (Canceled)

41. (Currently Amended) A video distribution method performed by a video distribution system, comprising:  
receiving video content from a content provider;  
providing player devices at remote viewing locations, said player devices configured for reading, decoding, decompressing and watermarking, said player devices also configured for communicating with said video distribution system to permit the player devices to notify said system when a particular video item is viewed using any one of the player devices;  
effecting the production of video disks and the distribution of said disks to said remote viewing locations, said video disks including a plurality of video items recorded in an encoded and compressed format designed to be viewed using only said player devices; and  
after a video item is viewed by a consumer using a particular one of said player devices recorded data is played at a remote viewing location, receiving from the particular one of said player devices remote viewing location information identifying the recorded data video item viewed and at least one distribution agent for the recorded data associated with the video item viewed, wherein the recorded data includes a multitude of data frames having a specified security code; and  
providing a processor for the remote viewing location that only outputs data frames having said specified security code.

42. (Currently amended) The method according to Claim 41, wherein at least some of said video disks are produced by the at least one distribution agent further comprising the at least one distribution agent making copies of the recorded digital data delivered to the distribution agent.

43. (Canceled)

44. (Currently amended) The method according to Claim 41, wherein the information identifying the video item viewed and at least one distribution agent associated with the video item viewed is received ~~the receiving act comprises the act of receiving information~~ at the system operator location at defined times.

45. (Currently amended) The method according to Claim 41, wherein the information identifying the video item viewed and at least one distribution agent associated with the video item viewed is received ~~the receiving act comprises receiving information~~ at the system operator location ~~indicating~~ each time the ~~recorded data~~ video item is played.

46. (Currently amended) The method according to Claim 41, further comprising the act of charging ~~the~~ at least one consumer based on the information received at the system operator location.

47. (Currently amended) The method according to Claim 41, further comprising the act of charging ~~the~~ at least one consumer a fee for each time the consumer ~~plays~~ views the video item ~~recorded data~~.

48. (Currently amended) The method according to Claim 47, wherein the charging act comprises the act of charging a variable fee depending on when said ~~recorded data~~ video item is ~~played~~ viewed.

49. (Currently amended) The method according to Claim 41, wherein:  
the at least one distribution agent is a retail store; and further comprising  
~~the~~ at least one consumer obtaining identified copies of the ~~recorded data~~ video item at the retail stores, and subsequently returning said identified copies to the retail stores.

50. (Currently amended) The method according to Claim 41, further comprising distributing said ~~recorded data~~ video item to ~~the~~ at least one consumer at no charge.

51. (Currently amended) The method according to Claim ~~42~~ 41, further comprising

compensating the at least one distribution agent for each time a video item ~~the recorded data~~ distributed by the agent is ~~played~~ viewed.

52. (Previously Presented) The method according to Claim 41, further comprising charging the at least one distribution agent for recordings delivered to the at least one distribution agent.

53-56. (Canceled).

57. (Currently amended) The method according to Claim 41, wherein ~~the~~ at least one consumer is provided a multitude of copies of recorded video disks ~~digital data~~, and further comprising ~~the act of~~ providing the at least one consumer with a guides identifying the copies possessed by the at least one consumer.

58. (Currently amended) The method according to Claim 57, wherein the act of providing a guides comprises the act of transmitting data to said guides to update information in the guides.

59. (Currently amended) The method according to Claim 57, wherein the act of providing a guides comprises ~~the act of~~ updating the guides with commercials based on at least one consumer's viewing of the played copies of recorded data.

60. (Currently Amended) A system for distributing recorded digital data, comprising: a distribution network, including at least one retail store, configured to distribute ~~to at least one consumer~~ at least one copy from a multitude of sets of copies of a digital data recording, wherein the copies in each set include data identifying an associated distribution agent;

at least one playback device, for ~~distribution to the at least one consumer~~ for playing the at least one copy of the recording, wherein the at least one playback device comprises an identification mechanism configured to identify contents of, and the distribution agent associated with, the at least one copy of the recording, wherein the at least one playback device is

configured for reading, decoding, decompressing and watermarking, and for communicating with a video distribution system to permit the playback device to notify said system when a particular recording is viewed, and wherein the at least one copy includes a plurality of video items recorded in an encoded and compressed format designed to be viewed using only said playback device; and

a transmitting mechanism configured to transmit from the at least one playback device to a the system ~~operator location~~-information identifying the contents of, and the distribution agent associated with, the at least one copy of the recording played by the at least one playback device, wherein the digital data recording comprises a multitude of data having a specified security code, and the at least one playback device comprises a specified circuit to prevent the at least one playback device from outputting data frames not having said specified security code.

61. (Previously Presented) The system according to Claim 60, further comprising a receiving mechanism, located at the system operator location configured to receive said information from the at least one playback device, and for using said information to determine compensation for the content provider and the distribution agents.

62. (Previously Presented) The system according to Claim 60, wherein said information is received at the system operator location at defined times from the at least one playback device.

63. (Previously Presented) The system according to Claim 60, wherein, when each playback device plays one of the copies, information identifying the content of, and the distribution agent associated with, said at least one copy is transmitted from the playback device to the system operator location.

64. (Previously Presented) The system according to Claim 60, wherein the distribution network includes a plurality of retail stores.

65. (Previously Presented) The system according to Claim 60, wherein each

distribution agent is compensated for each time at least one copy associated with the distribution agent is played by the at least one playback device.

66. (Previously Presented) The system according to Claim 60, wherein the at least one playback device includes a specified circuit that enables the playback device to play distributed copies of the recording.

67. (Currently amended) The system according to Claim 60, wherein the at least one copy of the recording is on an optical disk ~~disks~~.

68. (Currently amended) The system according to Claim 60, wherein said recorded digital data is a movie.

69. (Canceled)

70. (Currently amended) A system for playing, and for monitoring the playing of, digital recordings having given content authorized by a content provider, each of the recordings including data identifying an associated distribution agent, wherein the digital recordings are distributed to consumers on video disks each of which includes a plurality of video items recorded in an encoded and compressed format designed to be viewed by the consumer using only a playback device configured with proprietary circuitry, the system comprising:

at least one playback device for playing the recordings, the at least one playback device including an identification mechanism configured to identify the distribution agents associated with the recordings, wherein the at least one playback device is configured with proprietary circuitry for reading, decoding, decompressing and watermarking, and circuitry for communicating with a video distribution system controller to permit the playback device to notify said system controller when a particular recording is viewed; and

a system controller configured to receive from the at least one playback device information identifying the distribution agents associated with the recordings played by the at least one playback device, wherein each of the recordings includes a multitude of data frames

having a specified security feature, and the at least one playback device includes circuits to control the at least one playback device so that the at least one playback device is able to output only data frames having the specified security feature.

71. (Previously Presented) The system according to Claim 70, wherein the system controller comprises a compensation calculator that uses information received from the at least one playback device to determine compensation for the distribution agents.

72. (Previously Presented) The system according to Claim 70, wherein:  
the at least one playback device further comprises an identification mechanism configured to identify the content of the recordings played by the at least one playback device;  
and

the system controller comprises a receiving mechanism that is configured to receive from the at least one playback device information identifying the content of the recordings played by the at least one playback device.

73. (Previously Presented) The system according to Claim 72, wherein the system controller comprises compensation calculator that uses information received from the at least one playback device to determine compensation for the distribution agents and the content provider.

74. (Previously Presented) The system according to Claim 70, wherein each distribution agent is compensated for each time one of the recordings associated with the distribution agent is played by the at least one playback device.

75. (Previously Presented) The system according to Claim 70, wherein the at least one playback device includes a specified circuit that enables the playback device to play the recordings.

76. (Previously Presented) The system according to Claim 70, wherein the recordings are on optical disks.

77. (Previously Presented) The system according to Claim 70, further comprising a multitude of program storage devices readable by the at least one playback device and tangibly embodying programs of instructions executable by the at least one playback device to display guides showing recordings available for play on the at least one playback device.

78. (Previously Presented) The system according to Claim 70, wherein the system controller transmits information to the at least one playback device to update said guides.

79-99. (Canceled).

100. (Currently Amended) An apparatus for playing a copy of a digital data recording, wherein the copy includes data identifying a distribution agent associated with the copy and wherein the digital data recording includes a video disk having a plurality of video items recorded in an encoded and compressed format designed to be viewed by the consumer using only a playback device configured with proprietary circuitry, said apparatus comprising:

a playback device, ~~the at least one playback device~~ comprising an identification mechanism configured to identify contents of, and the distribution agent associated with, the copy of the recording, wherein the playback device is configured with proprietary circuitry for reading, decoding, decompressing and watermarking, and circuitry for communicating with a video distribution system operator to permit the playback device to notify said system operator when a particular recording is viewed by the at least one consumer; and

a transmitting mechanism that is configured to communicate with the playback device and is configured to transmit from the playback device to a the system operator location information identifying the contents of, and the distribution agent associated with, the copy of the recording played by the playback device, wherein the recorded data includes a multitude of data having a specified security code, and the playback device includes a specified circuit to prevent the playback device from outputting data frames not having said specified security code.

101. (Previously Presented) The apparatus of Claim 100, wherein said information is transmitted to the system operator location at defined times from the playback device.

102. (Previously Presented) The apparatus of Claim 100, wherein, when the playback device plays a copy, information identifying the content of, and the distribution agent associated with, said copy is transmitted from the playback device to the system operator location.

103. (Previously Presented) The apparatus of Claim 100, wherein each distribution agent is compensated for each time the copy associated with the distribution agent is played by the playback device.

104. (Previously Presented) The apparatus of Claim 100, wherein the playback device includes a specified circuit that enables the playback device to play distributed copies of the recording.

105. (Previously Presented) The apparatus of Claim 100, wherein the copy of the recording is on an optical disk.

106. (Previously Presented) The apparatus of Claim 100, wherein said recorded digital data is a movie.

107-111 (Canceled)